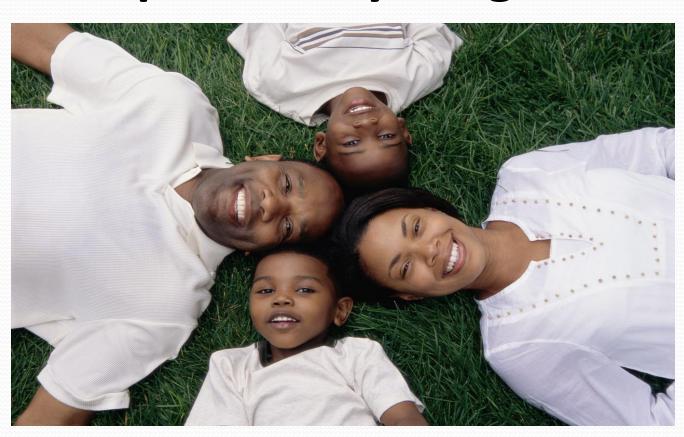
# Ohio: Asset Building for Financial Responsibility Program



## What was the first asset you ever purchased?

"Few people have ever spent their way out of poverty. Those who escape do so through saving and investing for the long-term."

Michael Sherraden

Director of the Center for Social Development Washington University, St. Louis

**Traditional public** assistance programs concentrating on income and consumption have rarely been successful in promoting and supporting the transition to increased economic selfsufficiency.



To Make a Savings Change, IDA programs <u>MUST</u> build on helping participants to make a

Behavioral Change

Economic well-being does not come solely from income, spending, and consumption, but also requires savings, investment, and accumulation of assets.

#### Assets can:

- Improve economic independence and stability
- Connect individuals with a viable and hopeful future
- Stimulate development of human and other capital
- Long-term thinking and planning
- Enhance the welfare of children



Fully 1/2 of all Americans have either no, negligible, or negative assets. The low savings rate of American households, rich and poor, is presenting a barrier to economic recovery and future growth.

Traditional public assistance programs concentrating on income and consumption have rarely been successful in promoting and supporting the transition to increased economic self-sufficiency.

To Make a Savings Change You MUST Make a Behavioral Change

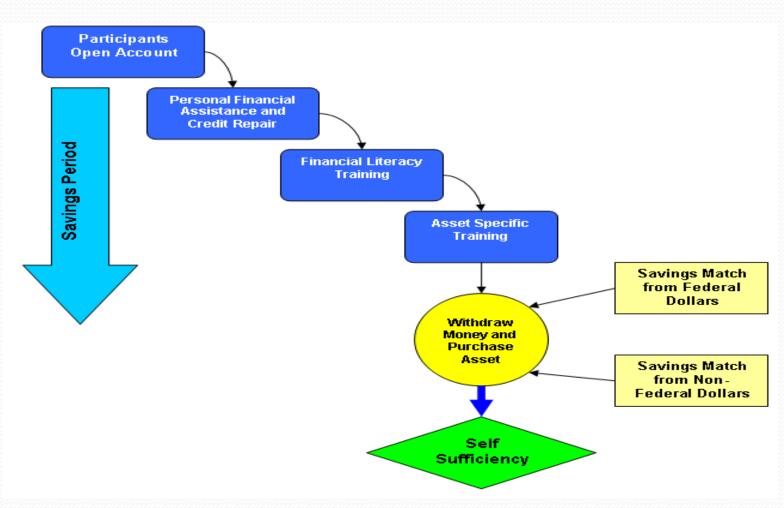
Individual Development Accounts (IDAs) are savings accounts matched by public and private sources that are restricted to high return investment such as pursuing a college education, starting a business, or buying a first home. Once the IDA is opened, savers work with IDA programs to change behaviors by:

- Living on a Budget
- Developing a Regular Savings Habit
- Completing Financial Literacy Training
- Completing Asset Specific Training



IDAs enable people to escape poverty and achieve wealth through (1) asset acquisition, and (2) changing spending/saving behaviors through education

### How IDA programs Encourage Behavior Change



### <u>Title IV – Assets for Independence (AFI)</u> <u>Act 42 USC 604</u>

- •The Administration for Children and Families (ACF), within the Department of Health and Human Services (HHS), is responsible for federal programs that promote the economic and social well-being of families, children, individuals, and communities.
- •ACF manages the Assets for Independence (AFI) program, a Federal IDA (Individual Development Account) program that offers five-year AFI Project grants to Organizations for the implementation and administration of IDA programs.

### AFI Grants may only be used to match these types of asset purchases:

- POSTSECONDARY EDUCATIONAL EXPENSES paid directly to an eligible educational institution including higher education and vocational education, to pay for: tuition, fees, books, supplies, and equipment REQUIRED for courses.
- FIRST-HOME PURCHASE acquisition costs with respect to a principal residence for a qualified first-time homebuyer, who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition.
- QUALIFIED BUSINESS CAPITALIZATION EXPENSES pursuant to a qualified plan including capital, plant, equipment, working capital, and inventory expenses.

The Ohio CDC Association (OCDCA) is a statewide membership organization of community development corporations that engages in capacity building, advocacy and public policy development that fosters socially and economically healthy communities. OCDCA has operated five statewide IDA demonstrations which are funded through the U. S Dept. of Health and Human Services *Assets For Independence* program.

OCDCA's IDA work includes advocacy and policy development, fundraising, technical assistance and training, and the Ohio IDA Network.

### **AFI and Financial Education**

 Financial education is an integral part of AFI programs. Program participants can attend a certain number of classes to learn about creating and managing household budgets, using credit responsibly, the basics of saving and investing, saving for retirement, and much more.



### **AFI and Financial Education**

 Economic Literacy – contracted out or delivered in-house, financial literacy training should fit the needs of your target market. Successful trainings bring in speakers from banks, insurance, investment officers, and legal aid.

 Asset specific training – allows participants to learn about their asset. For example, homebuyers learn about mortgages and home repair, while microenterprise savers learn about business plans and marketing.

 In 2007, OCDCA collaborated with The Ohio State University to evaluate the IDA program. This research is contributing to our understanding of the longterm impact of IDA program participation on the economic, social, and psychological well-being of former participants.



The study answered three specific questions:

- Does IDA program participation help individuals achieve long-term savings?
- What factors affect long-term savings?
- How do successful program participants differ from those who left the program prior to completion?

- A total of 465 former program participants were contacted by mail and invited to participate in a paper-and-pencil survey.
- The questionnaire consisted of 26 questions (19 questions for program dropouts).
- A total of 164 individuals (or 43% of successful contacts) completed the survey.

#### **Key findings are:**

- Compared to program dropouts, successful graduates reported a higher annual household income, were more likely being fulltime employed, more likely to have a checking account, an investment account, credit cards, and a mortgage. Importantly, IDA graduates had significantly higher post-program savings than dropouts.
- Of the respondents who graduated from the IDA program, all but one still owned the home purchased with the IDA funds.
- Taking into consideration the demographic, socio-economic, and program-specific measures of the survey, respondents who reported higher household savings, owning a mortgage, and having higher levels of formal education had more likely successfully graduated from the IDA program.

In October 2010, Ohio was one of seven states to receive a grant from the Federal **Office of Child Support Enforcement** (OCSE), under the Administration for Children and Families(ACF)/Health and Human Services (HHS), to educate and assist low-income noncustodial parents (NCPs) in building assets and improving financial literacy skills in the goal of becoming more self-sufficient and better equipped to provide for their children.

#### Partnership between

- Ohio Department of Job and Family Service(ODJFS)
   Office of Child Support (OCS)
- -Ohio CDC Association (OCDCA), an AFI Grantee
- Two-ProngedApproach
  - -Statewide
    Outreach
    and Education
  - -Local CaseManagementActivities



- State Summit (Columbus, OH)
- Regional Meetings
- Metro Cities Children Living in Poverty
  - -Cincinnati 36%
  - -Cleveland 42%
- Partnerships
  - -Office of Child Support
  - Ohio CDC Association
  - -Ohio Practitioners' Network for Fathers and Families (OPNFF)
  - -Ohio Commission on Fatherhood
  - -Smart Money Community Services
  - -The WECO (Wealth, Education, Collaboration, Opportunity) Fund

- Regional Trainings to Include Northeast, Southeast, Southwest, and Northwest Ohio
  - -Share Program Information
    Asset Building Education and
    Financial Literacy
  - -Child Support Program Education and Awareness
- Referral Process
  - -Local Child Support Non-Custodial Parents (NCPs) to Asset Building Organizations
    - -Asset Building Organizations will Assess Needs of NCP and Recommend Services



### Child Support Program in Ohio is State Supervised/County Administered

- -There are 88 Counties in Ohio and each one has a Local Child Support Enforcement Agency (CSEA).
- -The State Office of Child Support located in Columbus, Ohio provides system support as well as policy, procedure, and IV-D Program guidance.

### The Local Referral Approach Focuses on:

 Cuyahoga County Child Support Enforcement Agency in Cleveland, OH

Hamilton County Child Support Enforcement Agency in

Cincinnati, OH



- Local Child Support
   Enforcement Agencies
   will Make Referrals to AFI
   Agencies
  - Engage in Conversation
     with NCP Regarding
     Current Situation
     ·Willing and Able

·Willing and Unable

- -Discuss Asset Building Services with NCP
- -Refer the NCP to the Asset Building Organization



- The Office of Child Support developed reports – Identify low income NCPs paying their child support orders via wage withholding.
  - Reach out to communicate and educate financial literacy workshops and IDAs.
- The Office of Child Support developed reports – Identify low income NCPs not paying their child support.
  - Reach out to determine barriers
  - -Refer to Asset Building workshops.



### Once NCP Enrolls in Services, Case Transferred to a Special Caseload

-Ensure specific enforcement techniques are not implemented on the case while NCP participates in program.

#### Child Support Enforcement Optional Tools

- -Financial Institution Data Match
- -Driver's License Suspension
  - Driver's License Suspension is an optional enforcement technique Ohio Administrative Code (OAC) guides the reinstatement process.
- -Liens on Personal Property
- -Contempt and Criminal Support Referrals to Court

- Hamilton County CSEA Referral
   Process to Smart Money
   Community Services via the
   Fatherhood Program (Lighthouse-Real Dads)
  - Non-Custodial Parent Established trust and rapport with Child Support Agency
- After graduating from the fatherhood program (Real Dads), the NCP is referred to Smart Money Community Services:
  - -Financial Literacy Courses and Workshops
  - -Credit Repair Services
  - -First-Time Homebuyers Course
  - -Foreclosure Prevention Courses

Cuyahoga County CSEA
 Referral Process
 Collaborative:

 Child Support
 Enforcement
 Agency

-The WECO Fund

-Ohio Practitioner's Network for Fathers and Families (OPNFF) (Presentations and Connections)



#### Measure Outcomes

- -Develop a Statewide
  Partnership Between Child
  Support Agencies and AFI
  Grantees.
- -Change in NCP's Behavior
  - Surveys and Qualitative Interviews
- -Program Knowledge
  - ·AFI Workers' Knowledge of Child Support Program Child Support Workers' Knowledge of AFI Services
- -Success of Statewide Summit •Surveys
- -Success of Regional Trainings Surveys and Interviews



Information Shared Between Programs – MIS Database Tool developed by the Lewin Group as well as a State Database developed by the state hired evaluator.

Confidentiality and Federal Tax Information safeguarding rules and regulations apply.

Incentives – Savings bonds are awarded to NCPs who successfully complete the program.

Increase awareness about other services such as access and visitation

 A Request for Proposal (RFP) has been advertised.

A vendor has been selected to implement the grant activities, such as:

- -State Summit
- -Facilitate Regional Meetings
- -Facilitate Local Referral Process
- Evaluator has been selected through a Request for Letterhead (RLB) bid. The vendor will be expected to:
  - -Provide surveys
  - -Conduct qualitative interviews
  - -Compile data
  - -Provide evaluation outcomes
  - Develop a statewide evaluation database

### Marketing the BAFF Project for Participation

- Letters and flyers
- Fatherhood Conferences
- Cuyahoga County StreetFest
- Lighthouse Community Services (Real Dads)
- Healthy Fathering Collaborative (OPNFF)
- Public Service Announcements
- State Summit
- Regional Meetings

### State Participation as of September 23, 2011

- Total Enrolled 74
- Actively Participating in Workshops 27
- Actively Participating in One-on-One Coaching Sessions – 12
- Completed Workshops and Counseling Sessions – 1
- Opened a Savings Account 1 (Cleveland Saves Account)

#### **Data Measurements of NCPs include:**

-Increase in Child Support

-Administrative Review and Adjustments

-Increase in savings

-Decrease in debt

Increase in financial literacy awareness

-Driver's License Reinstatement

-Development of an IDA

Decrease in State owed arrears (Waiver and Compromise)

-Increase in access and visitation with the child

-Improvement in credit rating

**Child Support Enforcement** 

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**Assets for Independence** 

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